

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /058 W

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R 202122Z APR 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 4330

INFO AMCONSUL MERIDA VIA POUCH

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E.O. 11652: N/A

TAGS: EFIN IDB MX

SUBJECT: PROPOSED IDB LOAN, CANCUN STAGE II.

REF: AIDTO CIRCULAR A-195.

1. CANCUN PROJECT IS GOM'S MAJOR TOURISM INVESTMENT AND WILL BE SEEN BY DELEGATES AND GUESTS TO IDB'S ANNUAL MEETING IN MAY. WHILE TOURISM RECEIPTS DECLINED FROM 1974 TO 1975, THEY STILL ACCOUNTED FOR 13 PERCENT OF TOTAL CURRENT ACCOUNT RECEIPTS. TOURISM IS MEXICO'S LARGEST FOREIGN EXCHANGE EARNER. MEXICAN POLICY IS TO EXPAND ITS TOURISM FACILITIES IN ORDER TO BOOST ITS FOREIGN EXCHANGE EARNINGS, BUT RANKING AMONG GOM INVESTMENT PRIORITIES SEEMS LOW.

2. EMBASSY CANNOT ADD TO IDB EXPLANATION OF LARGE COST OVERRUNS EXCEPT THAT THIS WOULD APPEAR TO REPRESENT INADEQUATE PLANNING AND MANAGEMENT. WE PRESUME THAT BOTH PLANNING AND MANAGEMENT HAS BEEN IMPROVED, AND THAT OVERRUNS IN STAGE II WOULD BE KEPT UNDER BETTER CONTROL.

3. WE QUESTION WHETHER FONATUR WOULD BE APPROPRIATE AGENCY TO OVERSEE RESTORATION OF ARCHEOLOGICAL SITES OR

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AGRICULTURAL PROJECTS IN AREA SURROUNDING CANCUN. IDB

PROPOSAL (XIII, 1.) MAY BE FEASIBLE, BUT IT WOULD ADD TO FONATUR'S MANAGEMENT BURDEN.

4. ONE JUSTIFICATION FOR CANCUN PROJECT WAS THAT IT WOULD STIMULATE EMPLOYMENT IN A DEPRESSED AREA. WHILE THIS HAS UNDOUBTEDLY OCCURRED, WE HAVE BEEN STRUCK BY USE OF LABOR FROM OTHER PARTS OF MEXICO IN HOTEL SERVICE JOBS. WASHINGTON MAY WISH TO ASK WHAT EFFORTS ARE BEING MADE TO TRAIN LOCAL POPULATION FOR SERVICE JOBS.

5. GOM IS ATTEMPTING TO LIMIT INVESTMENT EXPENDITURES OF PUBLIC SECTOR TO EXISTING PROJECTS, AND APPEARS TO BE TIGHTENING UP SOMEWHAT. TOURISM DOES NOT APPEAR TO BE A PRIORITY SECTOR. THUS, IT MAY BE POSSIBLE TO KEEP MOVING ON CANCUN PROJECT ONLY IF BULK OF FUNDS COME FROM EXTERNAL SOURCES. THIS MAY ACCOUNT FOR INCLUSION IN STAGE II OF STAGE I OVERRUNS.

6. AMCONSUL MERIDA MAY WISH TO ADD TO THESE REMARKS AS HE HAS HAD FREQUENT CONTACT WITH PROJECT AND FONATUR OFFICIALS.
THOMPSON

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Message Attributes

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Margaret P. Grafeld
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